



ITA Accounting Memorandum 2006-03

DEC 16 2005

MEMORANDUM FOR: Program Managers and Resource Managers

FROM:

Royanna Allen
Leslie Hyland, Director of Accounting and
Financial Systems

Leslie Hyland

SUBJECT:

Revised Procedure for the Collection and
Use of Fees from Outside Parties

The purpose of this revised procedure is to enhance the process for accounting for the collection of fees from outside parties for the provision of services, such as trade shows, exhibits, etc., and the use of fees by program officials to pay for the costs of providing such services.

Previously, all fees collected were recorded in a single deposit fund regardless of the program area that collected the fees or the purpose for which the fees were collected. When fees are co-mingled in a single deposit fund it is difficult to determine readily to which program areas the fees apply. Moreover, it is difficult to establish budgetary controls and track spending for each program area when fees cannot be matched to anticipated obligations needed to provide intended services.

Under the revised procedure, separate funds for deposits and products and events expenses (budgetary funds) have been established by program area. Fees accumulated in program areas' deposit funds will not be automatically transferred to their respective budgetary funds. Rather, the program areas will be required to prepare and submit to the Chief Financial Officer annual budget plans for the expenditure of these funds. Based upon approved plans, budget authority will then be established in the appropriate budgetary funds.

The revised procedures are attached and are effective immediately.

Attachment

Cleared:

Jim Donahue
Jim Donahue, Deputy Chief Financial Officer



Procedures for the Collection and Use of Fees from Outside Parties

Separate funds for deposits and for products and events expenses have been established by program area. The following deposit fund codes have been established and collections will be recorded in these funds:

- Fund 21 – Import Administration (IA) Products and Events Receipts/Refunds
- Fund 22 – Manufacturing and Services (M&S) Products and Events Receipts/Refunds
- Fund 23 – Commercial Services (CS) Products and Events Receipts/Refunds

The following budgetary fund codes have been established and expenses will be recorded in these funds:

- Fund 20 – Commercial Service Products and Events Expenses
- Fund 31 – Admin/CIO/ExDir (EX/AD) Products and Events Expenses
- Fund 32 – Import Administration Products and Events Expenses
- Fund 33 – Manufacturing and Services Products and Events Expenses
- Fund 34 – Market Access Compliance (MAC) Products and Events Expenses

Fees collected by each program area will be deposited in their respective deposit funds.

Program areas will be permitted to spend only from their respective budgetary funds. Further, fees accumulated in program areas' deposit funds will not be automatically transferred to budgetary funds. Rather, the program areas will be required to prepare and submit to the Chief Financial Officer (CFO) annual budget plans for the expenditure of funds, as follows:

- The program areas that collect fees (IA, M&S, and CS) will prepare budget plans showing (1) actual cash balances in the deposit accounts, (2) estimated collections on a quarterly basis, and (3) estimated expenditures on a quarterly basis. It should be noted that as part of the review of budget plans, the CFO may decide to set aside a percentage of collections for use by EX/AD or MAC.
- EX/AD and MAC will prepare plans showing estimated expenditures on a quarterly basis.

A budget template and instructions will be provided separately.

Based upon approved budget plans, budget authority will then be established in the appropriate budgetary funds quarterly. However, it is important to note that two factors must be recognized in the spending process – budget authority and available collections. In practice, spending by a component that collects fees will be limited to its budget authority or actual cash balance, whichever is less. Spending by EX/AD or MAC will be limited by budget authority. In cases where unanticipated increases or decreases in planned spending appear likely, revisions to budget plans should be submitted to the CFO for approval.

The Office of Financial Management will provide the components with monthly reports on the use and availability of budgetary funds. The following amounts will be transferred to the deposit funds to establish initial balances:

- EX/AD - -0-
- IA - \$ 154,384
- FCS - \$ 2,624,444
- MAC - -0-
- M&S - -0-

In addition, \$250,000 will be transferred to Fund 15. EX/AD will continue to use Fund 15 for hospitality activities and allotments will be established to make budget authority available by program area.

In developing fiscal plans, program areas should bear in mind that use of the aforementioned funds should be restricted to bona fide trade promotion activities and not used for other purposes, such as hospitality-related functions.